

REFERENCE TITLE: tax simplification; income tax repeal

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

## HB 2506

Introduced by  
Representatives Murphy: Groe, Pearce

### AN ACT

AMENDING SECTION 42-5008, ARIZONA REVISED STATUTES; REPEALING SECTIONS 42-5009 AND 42-5010, ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES; REPEALING TITLE 43, CHAPTERS 10 AND 11, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-5008, Arizona Revised Statutes, is amended to read:

42-5008. Levy of tax; purposes; distribution

A. There is levied and there shall be collected by the department, for the purpose of raising public money, privilege taxes measured by the amount or volume of business transacted by persons on account of their business activities, and in the amounts to be determined by the application of rates against values, gross proceeds of sales or gross income, as the case may be, as prescribed by this article ~~and article 2 of this chapter~~.

B. THE TAX IS LEVIED AT A RATE OF \_\_\_\_\_ PER CENT OF THE GROSS PROCEEDS OF SALES OR GROSS INCOME OF EVERY PERSON ENGAGING OR CONTINUING IN BUSINESS IN THIS STATE. TO PREVENT EVASION OF THE TAX AND TO AID IN ITS ADMINISTRATION, IT IS PRESUMED THAT ALL PERSONS ENGAGING OR CONTINUING IN BUSINESS IN THIS STATE ARE SUBJECT TO THE TAX. THE TAX APPLIES TO THE TAX BASE DERIVED FROM ALL TRANSACTIONS, WHETHER FROM SALES OR SERVICES, FROM PRODUCTION, MANUFACTURING, WHOLESALE OR RETAIL OR FROM TRANSACTIONS INVOLVING REAL OR PERSONAL, TANGIBLE OR INTANGIBLE OR CHOATE OR INCHOATE PROPERTY OR RIGHTS TO PROPERTY.

C. \_\_\_\_\_ PER CENT OF THE TAX REVENUES COLLECTED AT THE RATE PRESCRIBED BY SUBSECTION B OF THIS SECTION IS DESIGNATED AS DISTRIBUTION BASE FOR PURPOSES OF SECTION 42-5029.

~~B.~~ D. If any monies remain after the payments are made for state purposes, as provided for by subsection A OF THIS SECTION, the remainder of the monies shall be paid into the state school fund for educational purposes.

~~C.~~ E. The tax levied by and collected pursuant to this article and article 2 of this chapter is designated the "transaction privilege tax".

Sec. 2. Repeal

A. Sections 42-5009 and 42-5010, Arizona Revised Statutes, are repealed.

B. Title 42, chapter 5, article 2, Arizona Revised Statutes, is repealed.

C. Title 43, chapters 10 and 11, Arizona Revised Statutes, are repealed.

Sec. 3. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the forty-eighth legislature, second regular session.

Sec. 4. Intent

The legislature intends to increase transaction privilege tax revenues and adjust the shared allocation of transaction privilege tax revenues to counties, cities and towns solely to offset the loss of income tax revenues. The intent of this act is to achieve revenue neutrality for this state and for the counties, cities and towns that receive state shared transaction privilege tax revenue.